

AMENDED IN SENATE APRIL 13, 2011

SENATE BILL

No. 131

Introduced by Senator Gaines
(Principal coauthor: Senator Calderon)

January 27, 2011

An act to amend ~~Section 900~~ *Section 1774* of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 131, as amended, Gaines. Insurance: ~~financial statements: insurers: surplus line brokers: statement of business transacted.~~

Existing law requires, on or before the first day of March of each year, the surplus line broker to file with the Insurance Commissioner a sworn statement of all business transacted under his or her surplus line license during the last preceding calendar year. "Business done" or "business transacted" under a surplus line broker's license means all insurance regarding which that surplus line broker is required to file a confidential written report with the commissioner or the commissioner's designee, as provided. Existing law further provides that if 2 or more persons licensed as surplus line brokers are involved in placing an insurance policy, only the one responsible for negotiating, effecting the placement, remitting the premium to the nonadmitted insurer to its representatives, and filing the confidential written report is considered transacting under his or her surplus line broker's license.

This bill would instead require that when 2 or more persons licensed as surplus line brokers are involved in placing an insurance policy, only the one responsible for filing the confidential written report would be considered transacting under his or her surplus line broker's license.

~~Existing law requires every insurer doing business in this state to make and file with the commissioner, on or before the first day of March of each year, statements exhibiting its condition and affairs as of the previous December 31.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1774 of the Insurance Code is amended
2 to read:

3 1774. (a) On or before the first day of March of each year, the
4 surplus line broker shall file with the commissioner a sworn
5 statement of all business transacted under his or her surplus line
6 license during the last preceding calendar year. ~~Such~~ That statement
7 shall contain an account of the business done by the surplus line
8 broker for the prior year.

9 (b) For purposes of this chapter, “business done” or “business
10 transacted” under a surplus line broker’s license means all
11 insurance regarding which that surplus line broker is required to
12 file a confidential written report with the commissioner or the
13 commissioner’s designee pursuant to subdivision (a) of Section
14 1763. If two or more persons licensed as surplus line brokers are
15 involved in placing a policy, only the one who is responsible for
16 negotiating, effecting the placement, remitting the premium to the
17 nonadmitted insurer or its representatives and filing the confidential
18 written report pursuant to subdivision (a) of Section 1763; shall
19 be considered transacting under his or her surplus line broker’s
20 license.

21 (c) The date on which the surplus line broker transacting a policy
22 prepares a bill or invoice for payment of all or part of the premiums
23 due, shall be considered the date on which that business was done
24 or transacted, subject to paragraph (d). This date shall be shown
25 on the face of the bill or invoice and shall be referred to as the
26 “invoice date.”

27 (d) (1) The invoice date shall be no more than 60 days after the
28 policy effective date and no more than 60 days after the insurance

1 was placed with a nonadmitted insurer, except as provided in
2 paragraph (2) of this section.

3 (2) For purposes of this chapter, the amount of gross premium
4 to be reported, if premiums are billed and payable in installments,
5 shall be the amount of the installment premium, provided the
6 amount and due date of each installment, or the basis for
7 determining each installment, is identifiable in the policy or an
8 endorsement, and either of the following conditions is satisfied:

9 (A) Installments under the policy are not billed more frequently
10 than once per month.

11 (B) If more than one installment is billed in any month, the
12 commissioner determines, in his or her discretion, that the
13 installment billing method used does not unduly burden the
14 commissioner's ability to accurately determine the amount of
15 premium paid by the insured.

16 ~~SECTION 1. Section 900 of the Insurance Code is amended~~
17 ~~to read:~~

18 ~~900. (a) Each year, on or before the first day of March, every~~
19 ~~insurer doing business in this state shall make and file with the~~
20 ~~commissioner, in the number, form, and by the methods prescribed~~
21 ~~by the commissioner, statements exhibiting its condition and affairs~~
22 ~~as of the previous December 31. If the first day of March falls on~~
23 ~~a day other than a business day, the filing is due to the~~
24 ~~commissioner by the first business day preceding the first day of~~
25 ~~March.~~

26 ~~(b) Each year, on or before the following dates, every insurer~~
27 ~~doing business in this state shall make and file with the~~
28 ~~commissioner, in the number, form, and methods prescribed by~~
29 ~~the commissioner, statements exhibiting its condition and affairs~~
30 ~~for the period beginning on January 1 of the current calendar year~~
31 ~~through the end of each quarter of the current year as described~~
32 ~~below. These quarterly filings shall cover the period of time~~
33 ~~beginning January 1 of the current year through and including the~~
34 ~~last day of the quarter for which the report is being made. The first~~
35 ~~quarter filing shall be filed with the commissioner on or before~~
36 ~~May 15th of every year. The second quarter filing shall be filed~~
37 ~~with the commissioner on or before August 15th of every year.~~
38 ~~The third quarter filing shall be filed with the commissioner on or~~
39 ~~before November 15th of every year. If any of these dates fall on~~

- 1 ~~a day other than a business day, then the filing is due to the~~
- 2 ~~commissioner by the first business day preceding that date.~~

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